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REPORT OF THE SECRETARY-GENERAL ON THE UNITED NATIONS INTERIM ADMINISTRATION MISSION IN KOSOVO

I. INTRODUCTION

1. The present report is submitted pursuant to Security Council resolution 1244 (1999) of 10 June 1999, by which the Council decided to establish the United Nations Interim Administration Mission in Kosovo (UNMIK) for an initial period of 12 months. In paragraph 20 of that resolution, the Council requested me to report at regular intervals on the implementation of the mandate of UNMIK. The current report covers the activities of UNMIK and developments in Kosovo, Federal Republic of Yugoslavia, since my last report of 16 September (S/1999/987).

II. OVERVIEW

2. During the reporting period, UNMIK made progress in involving the population of Kosovo in the provisional administration of the province. The agreement on the establishment of a Kosovo-UNMIK Joint Interim Administrative Structure was an important step in this direction. During the period, the process of demilitarization of the Kosovo Liberation Army (KLA) by KFOR was completed and the process of transforming former soldiers commenced. The establishment of the Kosovo Protection Corps (KPC) was instrumental in this regard. Several encouraging steps were also taken to establish democratic and unified political movements. At the same time, the number of attacks on Kosovo Serbs and other ethnic minorities remained high and continued to be the overriding human rights issue in Kosovo.

A. Political situation

3. The Kosovo Transitional Council (KTC) continued to meet on a weekly basis under the chairmanship of my Special Representative. However, the Kosovo Serb representatives on the Council, Bishop Artemije and Mr. Trajković, withdrew from the body on 22 September in protest at the establishment of KPC, which they view as the KLA in disguise, and the deteriorating security situation. Furthermore,

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Mr. Veton Surroi has stated that he was withdrawing from the political field in general and Mr. Thaci also temporarily suspended his participation in KTC. KTC has, however, continued to convene with Kosovo Albanian, Bosniac and Turkish participation. The Kosovo Serb representatives are being provided with the minutes of all Council meetings and my Special Representative maintains contact with them with the aim of bringing them back into KTC. At the same time, the Joint Security Committee has kept its regular schedule of weekly meetings with Kosovo Serb participation.

4. As mentioned in my last report (S/1999/987),UNMIK has also established other consultative mechanisms through which the local population and leadership have been able to participate in the decision-making of the interim administration by providing expert guidance and advice to UNMIK on specific issues, for example in the fields of legislative matters, humanitarian affairs, economic policy, health, education, energy and public utilities. Further efforts will be made to ensure that these forums encompass all relevant groups within Kosovo and include women, who are currently inadequately represented.

5. In a significant development on 15 December, the leaders of the Kosovo Democratic Progress Party (PPDK), the Democratic League of Kosovo (LDK) and the United Democratic Movement (LDB) agreed to participate in the establishment by UNMIK of a Kosovo-UNMIK Joint Interim Administrative Structure. The structure, which will respect resolution 1244 (1999) and the executive and legislative authority of my Special Representative, will involve all communities of Kosovo in the provisional administration. It will be composed of an Interim Administrative Council which will make recommendations for amendments to the Applicable Law and for new regulations, as well as propose policy guidelines for Administrative Departments in applying the Applicable Law. The Administrative Departments will perform the administrative tasks to implement the policy guidelines formulated by the Interim Administrative Council. At the municipal level, administration will be entrusted to an Administrative Board appointed and headed by the UNMIK Municipal Administrator.

6. Under the 15 December agreement, KTC will maintain its consultative role and will be enlarged to better reflect the pluralistic nature of Kosovo's population. If a majority of the KTC members disagree with a decision or position of the Interim Administrative Council, it will be able to propose a different solution to my Special Representative, who shall take the final decision. Finally, as part of the agreement, all parallel structures within Kosovo are to be transformed and progressively integrated, to the extent possible, into the Joint Administrative Structure.

7. Since my previous report, there has been a consolidation of the representation of the Kosovo Albanian and Kosovo Serb political parties. On 14 October, the two main political figures of the former KLA joined forces and announced the formation of the Kosovo Democratic Progress Party (PPDK). Mr. Thaci will serve as President. Mr. Mahmuti, the former head of the Party of Democratic Unity (PBD), was named as one of the two Vice-Presidents and Mr. Kuci, the former international relations officer of the parallel Albanian university in Pristina, was named as the other. Two major political parties now dominate the Kosovo Albanian political scene, the new PPDK and the Democratic League of Kosovo (LDK), headed by Dr. Rugova. Both parties have engaged in

extensive efforts to gain influence among the local population and to establish a presence throughout Kosovo.

8. A Kosovo Serb National Council (SNC) was established on 18 October, spearheaded and chaired by Bishop Artemije. Mr. Trajković was elected Chairman of the Executive Council of SNC. Some local Kosovo Serb leaders, primarily those from Mitrovica, have yet to join the Council. SNC has criticized both KFOR and UNMIK for the precarious security situation facing Kosovo Serbs, but vowed to continue cooperation with the international presence in Kosovo. SNC has also expressed its opposition to the current leadership of the Federal Republic of Yugoslavia, whose authorities' influence has increased among some parts of the Kosovo Serb population, primarily owing to the persisting lack of security. UNMIK continues to maintain contacts with the Federal Republic of Yugoslavia through regular meetings with its Committee for Cooperation in Kosovo.

B. Demilitarization and transformation of the KLA

9. As indicated in my previous report (S/1999/987), demilitarization of the KLA was scheduled to be completed by 19 September. In order to ensure an effective demilitarization process, KFOR, in close consultation with my Special Representative, developed a concept for demobilization which offered individual members of the KLA an opportunity to participate in a disciplined, professional, multi-ethnic civilian emergency corps. The proposal to create a Kosovo Protection Corps (KPC) was an integral part of the demobilization process and was an essential factor in securing support for the demilitarization of the KLA.

10. Demilitarization of the KLA was successfully completed on 20 September with the signing of UNMIK regulation No. 1999/8, which authorized the establishment of KPC, and the issuance of a "Statement of Principles" by the Commander of KFOR. Under regulation No. 1999/8, KPC will operate under the authority of my Special Representative while KFOR will provide day-to-day operational direction to the Corps in accordance with policies and priorities established by my Special Representative. KPC, which will consist of up to 3,000 active and 2,000 reserve members, will not have any role in law enforcement or the maintenance of law and order. It will be used exclusively for civil emergencies, search and rescue, demining projects and rebuilding infrastructure and housing. At least 10 per cent of both active and reserve members shall comprise individuals from minority groups.

11. During the reporting period, recruitment for KPC was, with the concurrence of UNMIK, initiated by the International Organization for Migration (IOM). Potential candidates were provided with cards identifying them as applicants for KPC and an extensive screening process of all applicants, involving police checks, was initiated. Provisional KPC headquarters were also identified in each region. In addition, some 1,400 members of the Corps began working on winterization and environmental clean-up projects.

12. Since my previous report, a number of security incidents and crimes have taken place which reportedly involved former members of the KLA and potential members of KPC. In one incident, a large arsenal of weapons was found in the

possession of two potential KPC members. Some potential KPC members also attempted to exercise unauthorized and unacceptable police functions.

13. On 9 November, following strong representations by KFOR and UNMIK to Kosovo Albanian leaders about reports of participation of former KLA members and potential KPC members in criminal activity, the provisional Commander of KPC, General Agim Ceku, and the rest of his senior staff issued a written communiqué condemning criminal acts committed by individuals carrying provisional KPC identity cards. The communiqué, which was also published in the local press, encouraged members of the public to notify KPC headquarters of inappropriate behaviour of persons wearing "KPC" uniforms. The communiqué stressed that members of KPC found to be violating the laws or the norms and regulations of KPC would be expelled, and appropriate legal action taken against them. Since then, UNMIK police have arrested several potential KPC members for illegal and criminal activities. In addition, KFOR has carried out a series of raids on former KLA assembly areas and offices as part of a wider campaign to ensure that potential KPC leaders and members understand that there will be no tolerance for unauthorized weapons and criminal activities by Corps members.

14. Following certification by my Special Representative that the necessary funding is available for the establishment and maintenance of the Corps and KFOR confirmation of compliance with the relevant provisions of resolution 1244 (1999), KPC will be formally established by a ceremony to be held in the near future. Both KFOR and UNMIK will ensure that any acts of non-compliance with its mandate will be swiftly and firmly dealt with.

C. Security situation

15. A number of serious security incidents have heightened the tension and security concerns in Kosovo. Such incidents have targeted both the local population and members of the international community. This heightened insecurity was, in a most tragic way, underlined by the murder on 11 October of Valentin Krumov, a newly arrived UNMIK international staff member. A number of members of the international community in Kosovo also appear to have been targeted and subjected to burglary, harassment, intimidation and threats of violence. In addition, Mr. Trajković, a member of KTC, was shot through the door of his apartment on 1 November. This incident was the first attack on a senior political representative since the arrival of UNMIK and KFOR in Kosovo.

16. The number of attacks on Kosovo Serbs and members of other ethnic minorities in Kosovo remains high and continues to be the overriding human rights issue in Kosovo. KTC has issued several statements condemning attacks against minorities as well as attacks against political leaders and the incitement of violence through the media. Nevertheless, Serbs, Roma and, increasingly, Slavic Muslims have been the victims of killings, abductions, illegal arrests, arbitrary detentions, beatings, threats and harassment. Ethnic Albanians have also been targeted, on suspicion of collaboration with Yugoslav authorities; because they are in possession of property desired by other members of the local population; or as a result of organized crime. The security situation of women in Kosovo also remains precarious, with an increasing number of abductions of young women.

17. Members of ethnic minorities continue to suffer severe restrictions on their freedom of movement. They also continue to concentrate in areas with other members of their communities and to form ethnic enclaves in which they have more mobility. In Pristina, the estimated remaining 300 to 600 Kosovo Serbs are frightened to go out and are mostly confined to their homes. During the last two months, freedom of movement was impeded on several occasions by roadblocks which were dismantled by KFOR, sometimes with the help of UNMIK police or the local population.

18. A growing number of juveniles have been suspected of committing serious crimes in Kosovo. The province does not yet have a juvenile court or a functioning juvenile detention facility. As a result, a de facto impunity may be developing, as criminal elements are using juveniles, who are not subject to detention, to commit crimes and to harass minorities.

19. There are signs that organized criminal elements are reinforcing their position and activities in Kosovo. These activities appear to include protection rackets, smuggling, extortion, gambling and sale of narcotics. There are also indications of prostitution and trafficking in persons and human organs. The presence of organized crime directly contributes to instability and undermines efforts to establish the rule of law in Kosovo.

D. Status of the Mission

20. All components of UNMIK are now better staffed. The Office of my Special Representative now includes a Human Rights Unit and a Gender Unit; the latter will ensure that gender is mainstreamed throughout all UNMIK activities. The Executive Committee, which brings together on a daily basis my Special Representative, his Principal Deputy and the four Deputy Special Representatives heading the four components of UNMIK, has confirmed itself as an important and useful coordination mechanism. Furthermore, the Joint Planning Group (JPG) has been meeting regularly and has promoted and enhanced cross-component coordination across a wide spectrum of policy and operational issues, including transformation of KPC, information management, border control, utilities management and joint UNMIK/KFOR security issues. A working group has been formed, under the supervision of JPG, consisting of planners from the four components, UNMIK police, KFOR and the Office of my Special Representative, which will develop a strategic plan for UNMIK.

III. HUMANITARIAN AFFAIRS

21. The Office of the United Nations High Commissioner for Refugees (UNHCR) is the lead organization for the humanitarian activities of UNMIK. UNHCR cooperates closely with other United Nations partners such as the World Food Programme (WFP), the United Nations Children's Fund (UNICEF) and the World Health Organization (WHO), as well as with the International Organization for Migration (IOM), the International Committee of the Red Cross (ICRC), the International Federation of Red Cross and Red Crescent Societies (IFRC) and over 250 international and 45 local non-governmental organizations (NGOs). A

Humanitarian Community Information Centre has been established to facilitate information exchange and coordination.

A. Returns

22. At least 810,000 refugees have now returned to their homes in Kosovo. Of these, 110,000 returned in an organized manner, mostly with the assistance of UNHCR and IOM. It is estimated that over 25,500 refugees, including Serbs and Roma, remain in neighbouring countries. Approximately 40 per cent of the 96,000 refugees evacuated from the former Yugoslav Republic of Macedonia under the Humanitarian Evacuation Programme remain in third countries. As of 1 November, the Yugoslav Red Cross and local authorities indicated that the total number of registered internally displaced persons from Kosovo in both Serbia and Montenegro stood at some 243,000. UNHCR is conducting a joint registration exercise with the Federal Republic of Yugoslavia authorities in Montenegro and Serbia, which will verify the number of persons who have left Kosovo. The exercise will be finalized early next year. Out of an estimated 5,000 Croatian and Bosnian refugees present in Kosovo before the North Atlantic Treaty Organization (NATO) air strikes, only some 600 remain.

23. There has been an increase in the number of returns to Kosovo of Kosovo Serbs from Serbia proper and Montenegro. While some returnees are making temporary visits to ascertain whether it is safe enough to return home, others are returning to mono-ethnic villages that are safer than their places of origin in areas of mixed ethnicity. UNHCR is not encouraging returns of minority populations at the current stage as the necessary preconditions, in particular a safe and secure environment, are not yet in place. Efforts are, however, made to ensure that those who do return receive the necessary protection and humanitarian assistance.

B. Protection of minorities

24. Security concerns, restricted movement, discrimination, lack of access to public services, especially education, medical/health care and pensions have been determining factors in the departure of Kosovo Serbs and other non-Albanian groups from Kosovo.

25. An inter-agency Ad Hoc Task Force on Minorities meets on a weekly basis to coordinate efforts aimed at protecting and assisting minorities. The major challenge is to ensure the physical safety of all residents. Creative methods for increasing security, such as installation of emergency calling devices in homes, reinforcement of doors and the establishment of a hotline between agencies, KFOR and UNMIK police are being implemented. Particular attention has also been paid to promoting unhindered and non-discriminatory access of minorities to food, health care, education and other public services. The Humanitarian component has also designed a special distribution network for needy minority groups, as well as interim systems for providing medical care to minority groups who are otherwise denied access.

26. Other initiatives include facilitating contact between community leaders, organized "go and see" visits for displaced minorities to their home areas and the provision of satellite phones to minorities living in isolated enclaves to enhance communication. Freedom of movement has improved with the commencement in October of a shuttle bus programme, with security provided by KFOR, between minority enclaves and, from these, to destinations outside Kosovo. The programme also permits non-Albanians, many of whom have not been able to leave their homes for security reasons, to meet family and visit doctors and shops. The programme was temporarily suspended after an attack in Pec, on 27 October, on a humanitarian convoy of 155 Kosovo Serbs leaving for Montenegro. Nobody was seriously injured in the incident, but at least 15 cars were burned.

27. In life-threatening situations or particularly vulnerable circumstances, UNHCR has resorted to evacuating minorities to Serbia and Montenegro. Some 487 individuals have so far benefited from this protection measure.

28. Since mid-September, the Civil Administration component has also appointed Civil Affairs Minority Officers to reside on a permanent basis in selected villages/communities in Kosovo. The aim of this initiative is to contribute to a further improvement of security in areas where minorities reside, to extend the provision of essential administrative services and to facilitate access to essential public services. The initiative also aims at facilitating contacts with different local and international actors in support of reconstruction and revitalization of the local economy.

C. Shelter and winterization

29. The international community has been working on a priority basis to provide emergency housing rehabilitation in Kosovo. As indicated in my last report (S/1999/987, para. 11), the emergency rehabilitation programme is designed to provide at least one warm and dry room for the duration of winter until more sustainable reconstruction may take place in spring. UNHCR, the European Community's Humanitarian Office (ECHO) and the United States Office for Disaster Assistance (OFDA) have distributed over 42,600 (out of 57,100), basic emergency shelter kits. This programme was augmented by the provision of 4,200 UNHCR hard-roofing kits which will support an estimated 12,600 families. OFDA is providing materials for another 5,900 roofs. As a complement to these efforts, UNMIK has, with the support of the Governments of France and Japan, launched a small-scale winterization programme aimed at repairing some 3,000 houses through the provision of building materials and/or cash to house owners selected by municipal housing commissions. The Government of Japan has also funded 500 prefabricated houses, which will be put up in Pec and North Mitrovica.

30. Most of the occupants of the 50,000 houses beyond repair in Kosovo are already living with host families and are expected to remain with them throughout the winter. UNMIK will support a targeted host family assistance programme. UNMIK has also identified temporary community shelters for some 12,000 people as a contingency measure. Over 5,000 homeless people are already living in the shelters. If the range of solutions can be fully applied, the vast majority of the population should be housed during the winter, albeit temporarily.

31. The Humanitarian component and the United States Agency for International Development (USAID) are also distributing 45,000 multi-purpose stoves (for heating and cooking). Other humanitarian actors are distributing additional stoves. The need for stoves this winter should be covered. UNHCR, IOM and ECHO have provided over 87,000 cubic metres of firewood for extremely vulnerable families, and for those who cannot collect firewood because of the risk of mines. UNMIK, together with IOM, is also providing 15,000 cubic metres of firewood and 9,800 tonnes of coal with Japanese funding. WFP and Food-for-Peace have already pre-positioned up to four months of food stocks for villages considered to be inaccessible during winter.

32. The problems faced by organizations bringing humanitarian cargo through the Blace border crossing with the former Yugoslav Republic of Macedonia worsened during the reporting period. Taxes have been levied on trucks transiting that country and cumbersome customs procedures have become time-consuming. As a consequence, there were very long delays for trucks waiting to enter Kosovo, which affected the delivery of food, relief items and shelter material. Concerted efforts have been made to address the situation over the past two months and, following the recent visit of my Special Representative to Skopje, some progress has been achieved in clearing the backlog of vehicles at the border crossing.

D. Mine action

33. There have been over 405 mine-related casualties, including 79 fatalities, since June 1999. As people prepared for the winter, firewood collection has increased the number of casualties. The Mine Action Programme, coordinated by the United Nations Mine Action Coordination Centre, focused on clearing as many mines as possible before winter began. To date, over 16,000 houses and 770 schools have been cleared of mines. In addition, 2,700 cluster bombs, 2,400 anti-personnel mines and over 2,000 anti-tank mines have been cleared from public places. A community-based mine-awareness programme has been established throughout the province, which includes training of mine-awareness educators. A programme has also been established to ensure that victims have access to appropriate medical facilities that can provide immediate care, rehabilitation and psychosocial support.

IV. CIVIL ADMINISTRATION

34. The United Nations is the lead organization in the civil administration component of UNMIK. Although the Mission is yet to be fully staffed, the critical mass necessary to accomplish all-important tasks is being reached. There are now UNMIK administrators in all 29 municipalities and five regions; their powers have been established by UNMIK regulation No. 1999/14 of 21 October. These administrators form the backbone of UNMIK's work in the regions and municipalities and their presence has enhanced the Mission's credibility as the Interim Administration authority. At the same time, while all efforts are being made to strengthen local administration at the municipal level, the task has not been easy owing to the prevailing ethnic tensions as

well as continued acts of violence, intimidation and extortion against minorities.

35. The limited UNMIK presence in the regions and municipalities during the early stages of the Mission has allowed parallel local structures to take root in some areas. These structures, mainly affiliated with the former KLA, are competing with UNMIK for interim administration authority through such illegal activities as tax collection and certification. My Special Representative has taken measures to make it widely known that UNMIK is the only legitimate authority in Kosovo. Additionally, an institutional framework common to all municipalities has been established which includes an administrative body, under UNMIK chairmanship, tasked with carrying out administrative tasks and executing policies and a consultative body ensuring representation of as broad a spectrum of the population as possible. The objective is to incorporate individuals who participate in parallel structures in the municipal administration as well as persons from other political parties and representatives of minorities.

A. Sectoral developments

36. Through the generous contributions of Member States and the efforts of United Nations specialized agencies, funds and programmes as well as non-governmental organizations, basic health care services in Kosovo have resumed. The Joint Civil Commission on Health, composed of international, Kosovo Albanian and Kosovo Serb representatives, has established task forces on health policy and planning, human resources development, drugs and medical supplies and control of communicable diseases. General policy guidelines to direct primary health care, family practice and nursing education have also been issued by UNMIK.

37. All hospitals in Kosovo are now functioning under the direction of international management teams that were appointed to fill the vacuum created as a result of the departure of the former managers. The immunization programme that was interrupted by the conflict has resumed with the support of the Kosovo Institute of Public Health, WHO, UNICEF and several non-governmental organizations. Steps to implement environmental hygiene (particularly food) control and regulate the import, sale and distribution of drugs have been initiated. Winterization of health facilities, mainly done by NGOs under UNMIK's guidance, is under way.

38. There are currently no multi-ethnic hospitals in Kosovo. UNMIK is engaged in intensive efforts to re-establish such facilities, including in North Mitrovica which is a majority Serb area. These efforts have, however, not yet borne fruit. In the interim, measures have been undertaken, such as the establishment of a surgical unit in the predominantly Kosovo Serb area of Gracanica, in order to improve access to emergency health care for minorities.

39. The school year commenced on 25 October without any major incidents, with the great majority of primary and secondary schools opening, and with over 300,000 children attending. One third of the 700 schools targeted for reconstruction were completed before the first day of the school year. It is expected that the remaining schools will be completed by the end of the year.

UNMIK has also commenced payment of stipends to teachers and should shortly complete the printing of textbooks in the Albanian, Serbian, Bosniac and Turkish languages. Humanitarian agencies have provided school equipment and supplies, including 18,000 school desks and 36,000 chairs distributed by UNICEF, and 185,000 school bags, complete with notebooks and writing supplies, supplied by UNHCR and UNICEF. Priorities now include heating for schools and access to education by minority children.

40. The majority of schools in Kosovo are now in Albanian-majority areas. As a result, many Serb and Roma parents have not registered their children at schools owing to security concerns. The widespread inability of ethnic communities to organize schooling for their children in their mother tongue has increased their feeling of insecurity. Once security can be guaranteed, UNMIK will strive to establish integrated schools attended by children of all ethnic groups. Exceptional measures have been taken, including the temporary allocation of the Plementina and Bresje schools to Serb pupils, to ensure access to schooling for Serb pupils.

41. Problems of access continue to plague the University of Pristina and the Faculty of Technology, Metallurgy and Mining in north Mitrovica, the latter being a flashpoint for violent demonstrations.

42. The Joint Civil Commission on Education continues to hold regular meetings, without the participation of Serb representatives, to discuss all education-related matters.

43. The transport sector is in bad repair owing to poor infrastructure, lack of investment and maintenance and some destruction during the conflict. Under the guidance of UNMIK's Kosovo Transport Authority, a task force has been established to form the central structures necessary for the sustainable development of the transport sector. While the European Union will fund urgent repairs to the two major axes, long-term needs for road repairs and rebuilding of bridges will require substantial funding, for a total estimated cost of 170 million euros. Several donors are providing funds to restore and upgrade the long-neglected railway system in Kosovo.

44. On 15 October 1999, Pristina airport opened for limited commercial traffic. Five airlines were granted permission by UNMIK to operate flights. However, following the crash of the WFP plane on 12 November, resulting in the tragic deaths of 24 passengers and crew members, UNMIK and KFOR, in accordance with a preliminary recommendation from the air accident investigation authority, suspended all civilian flights in and out of Pristina on 20 November. UNMIK has contacted the International Civil Aviation Organization (ICAO), among others, for assistance to ensure that the airport meets civilian safety standards. Substantial funding (an estimated 40 million euros) will be needed to upgrade the airport to conform to international standards.

45. UNMIK regulation No. 1999/9 of 24 September established a Fuel Supervisory Board to issue licences for the import, transport, distribution and sale of petroleum products. The regulation was issued so as to secure the reliable provision of fuel to Kosovo; to bring the black market in fuel products under control; to introduce a reasonable amount of competition and investment in the

market; and to provide legitimate administration of the two publicly owned fuel companies in Kosovo, Beopetrol and Jugopetrol. Applications for licences will be dealt with once the complex issues relating to publicly owned fuel companies, as well as legal and economic aspects of the issuance of licences, are resolved.

46. Regulation No. 1999/12 of 14 October established the Kosovo Post and Telecommunications (PTK) as a separate juridical entity and authorized it to provide services and provisionally administer the existing telecommunication assets of Telecom Serbia in Kosovo. An initial evaluation of the fixed telephone network has revealed that distribution needs to be restored in most places. Delays in the restoration, however, can be expected owing to difficulties in undertaking outdoor work during the winter.

47. UNMIK has issued an international tender inviting bids for the establishment of a Global System for Mobiles (GSM) in Kosovo. Bids received were reviewed by the Mission and, on 12 November, the Joint Civil Commission on Telecommunications selected a French company, Alcatel, for this purpose. The company will provide telecommunications services in Kosovo within 12 weeks of signing the contract. This decision provoked intense debate in Kosovo and criticism from some personalities, mainly for economic and political reasons. On 17 December, the contract was signed in Paris for the turnkey supply of the GSM network. Under the agreement, Alcatel will install a mobile network with a capacity of 100,000 lines in Kosovo. The first phase of the project should be launched this month and should provide a network for the seven main cities of Kosovo within 12 weeks.

48. The Universal Postal Union (UPU) has consented to UNMIK's issuing of postage stamps, denominated in deutsche mark, in Kosovo. UNMIK postage stamps have been designed and the Government of France has agreed to print the initial requirement free of charge. An agreement of principle has also been reached with UPU on the establishment of an international sorting centre and international routes. The European Union has agreed to provide start-up equipment, including vehicles, workstations and other assorted items. Selected post offices have opened and limited delivery of mail is under way.

49. A policy on agricultural rehabilitation of the farming sector has been prepared with the full participation of local experts and NGOs. Meanwhile, the pig farm component of the Agrokosovo complex in Kosovo Polje is under reactivation, both for agro-industrial considerations and to provide a livelihood to members of the Serb minority.

50. Deforestation has become a major concern in Kosovo as the population has been using firewood to make up for the inadequate electricity supply. UNMIK and the Food and Agriculture Organization of the United Nations (FAO) have developed a two-phased project to address this problem. The first (emergency) phase will organize the firewood supply for the coming winter and launch plans for reforestation and forest control. The second phase will focus on institution-building in agroforestry policy and services, as well as forestry management. However, funding for the project has not yet been secured.

51. UNMIK is scheduled to begin the registration of Kosovo residents in the near future. The legal basis for registration will be included in a regulation

now under preparation. Once registered, all eligible residents will be entered in a central database and will receive an UNMIK-issued, tamper-proof identity card. Compulsory temporary motor vehicle registration began on 30 November 1999, in accordance with UNMIK regulation 1999/15 of 21 October. All motor vehicles will be registered for an initial one-year period with newly designed UNMIK licence plates. The temporary registration will remain in place until a more permanent system is devised. Birth, death and marriage certificates are now being issued, under the UNMIK logo, in all 29 municipalities.

52. UNMIK, in close cooperation with the United Nations Centre for Human Settlements (Habitat), has established a mechanism to regularize residential housing and property rights (regulation No. 1999/23 of 15 November). This includes the establishment of an independent Housing and Property Directorate and a Housing and Property Claims Commission which will perform a variety of functions, including analysing the relevant laws, allocating and administering available housing stock and the settlement of disputes. At the same time, an inventory of all cadastral offices in Kosovo is being carried out as a basis for the development of a new cadastral information system. Meanwhile, regional administrators have been authorized to temporarily allocate vacant housing to homeless people on humanitarian grounds. My Special Representative has also, through regulation No. 1999/10 of 13 October, repealed discriminatory legislation affecting housing and rights to property that were contrary to international human rights standards.

53. Payment of Kosovo public service employees has been a high priority for UNMIK. Pending the introduction of a salary structure, UNMIK decided to pay stipends to eligible public service employees. In order to maintain a level of compensation that could be sustained within limited resources, a three-tier monthly rate structure of DM 300 for executives, DM 200 for professionals and DM 100 for support staff was adopted across the board for all public employees. The programme is expected to continue until the end of the year, at a total cost of some DM 50 million, after which a proper salary structure is expected to be in place. Four rounds of payment are envisaged, each of which involves a payment of over 70,000 stipends amounting to over DM 12 million. Public employees in different sectors have voiced strong dissatisfaction with the amount of the stipend, with some threatening to strike.

B. Judicial affairs

54. One of UNMIK's priorities has been the establishment of an effective, impartial and independent judiciary. To this end, the Institution-Building and Civil Administration components have worked together closely on the Emergency Judicial System. A total of 572 interviews have been conducted for the local judiciary database. A total of 328 judges and prosecutors and 238 lay judges have been recommended for appointment by the Advisory Judicial Commission. However, the Emergency Judicial System at present has only 47 judges and prosecutors - 41 Kosovo Albanians, 4 Muslims (Bosniac), 1 Roma and 1 Turk - following the resignation of 6 Kosovo Serb judges for security reasons and the departure of another to Serbia. Reportedly, judges, prosecutors and lawyers, particularly those belonging to ethnic minorities, have been threatened. As a

result, preserving a multi-ethnic judiciary in Kosovo is becoming increasingly difficult.

55. UNMIK regulation No. 1999/1 of 10 June 1999 provided, inter alia, that the laws in force in Kosovo prior to 24 March 1999 should continue to apply in the province, insofar as they did not contravene internationally recognized human rights standards. The local judicial community has been extremely reluctant to apply these laws, especially Serbian criminal law, which is viewed to have been part and parcel of the revocation of Kosovo's prior autonomous status and an instrument of oppression since then. Judges and prosecutors in Kosovo have interpreted regulation No. 1999/1 to include laws in force until March 1989. Given the acute and urgent need for functioning courts, my Special Representative determined that regulation 1999/1 should be amended so as to give explicit legal validity to the practices followed by the courts.

56. Accordingly, regulations Nos. 1999/24 and 1999/25 were adopted on 12 December 1999. In essence, these regulations state that the applicable law in Kosovo will be the regulations promulgated by the Special Representative, including subsidiary rules, and the law in force in Kosovo on 22 March 1989. Federal law will continue to apply in any situation governed neither by UNMIK regulations nor the law in force in Kosovo as at 22 March 1989. This includes the law of criminal procedure. Serbian law will apply only in rare cases where the applicable law or Federal law fails to cover a given situation or subject matter. In no case will laws be applied that contravene, in any aspect, internationally recognized standards of human rights.

57. In criminal trials, the defendant will have the benefit of the most favourable provision in the laws in force in Kosovo between 22 March 1989 and the date of issuance of the new regulation. This accords with section 7 of the European Convention for the Protection of Human Rights and Fundamental Freedoms. A transitional provision has also been included to ensure that legal actions taken under UNMIK regulation No. 1999/1 remain valid.

58. Two teams of penal management experts have completed a comprehensive assessment of the requirements for the nine detention centres located in Pristina, Lipljan, Pec, Prizren, Gnjilane, Istok, Mitrovica, Camp Bondsteel and Smahozina. These centres are currently being run by KFOR, with the exception of those at Pristina and Mitrovica, which are operated by UNMIK police, and the detention centre in Prizren, which was transferred to the UNMIK Kosovo Correctional Service on 29 November. The detention centres at Istok and Lipljan will come under civilian control early next year. The remaining facilities will follow throughout the year.

59. Former local employees of the correctional facilities, including wardens and correctional officers, will form the basis for the re-establishment of the Kosovo Correctional Service. These staff will function under the supervision of international experts. Training of selected staff for ISTOK prison began on 30 November at the Kosovo Police Service School.

60. As UNMIK assumes temporary responsibilities for the management and security of detention centres, it will need material resources to ensure that the basic humanitarian needs of the detainees are met and that their basic human rights

are respected. However, current resource levels are already strained and will become further stretched as KFOR hands over primary detention authority to UNMIK in additional areas of Kosovo.

C. UNMIK police

61. The ability of UNMIK to effectively address the law and order challenge in Kosovo is dependent on an early and full deployment of international police officers. In this regard, in the addendum to my previous report (S/1999/987/Add.1), I recommended that the number of United Nations police officers in UNMIK be increased to 4,718. The Security Council took note of my recommendation. In the light of the continued precarious security situation in Kosovo, my Special Representative has emphasized the urgency of bringing the UNMIK police to its full strength as soon as possible in order to improve both the law and order and the human rights situation in the province.

62. As of 13 December, there were only 1,817 UNMIK police in the mission area, including 149 border police deployed at international border crossings and at Pristina airport. Also included in the total number are 78 civilian police transferred from the United Nations Mission in Bosnia and Herzegovina (UNMIBH), all of whom have now been authorized by their Governments to participate in UNMIK under its executive policing mandate. Owing to logistic and other constraints, none of the 10 formed Special Police units have yet arrived in the mission area. Two special police companies, out of a total authorized strength of 10 companies, are now expected to arrive in January.

63. UNMIK police have now assumed full law-enforcement authority in the Pristina and Prizren regions. In Mitrovica, Gnjilane and Urosevac municipality, they have assumed full investigative responsibility. UNMIK police also manage the Mitrovica detention centre and operate 39 police stations, five border police stations (including the airport), five regional headquarter facilities and the main police headquarters. Plans are under way for the establishment of 21 police sub-stations throughout Kosovo. At present, some 70 per cent of the Kosovo population lives in areas in which UNMIK police have assumed law-enforcement responsibility.

64. Crime statistics are now being tracked and maintained in conjunction with KFOR as well as autonomously by UNMIK police. KFOR and UNMIK police are working at the political and operational levels to address the issue of illegal police stations, illegal detention facilities and persons illegally acting in a law-enforcement capacity. In addition, UNMIK police, in close coordination with KFOR, are preparing mechanisms for enhancing criminal intelligence and combating organized crime in Kosovo.

65. UNMIK's current policing resources are being stretched by the multiple non-police tasks which police officers are required to fulfil in the absence of other appropriate personnel. These tasks include guarding of official buildings and detention facilities and providing escorts to large money transfers within Kosovo. The lack of equipment and logistic support for UNMIK police also continues to hamper many crucial policing functions, particularly in the areas of forensic analysis and information management systems.

66. In view of the current operational constraints facing UNMIK police and in order to successfully establish law and order and gain the confidence of the Kosovo public, it has become imperative that a larger number of Kosovo Police Service officers be assigned as soon as possible to work for the UNMIK police. Having analysed numerous options, including the possibility of speeding up the basic training of cadet officers of the Kosovo Police Service, UNMIK police are now developing plans to recruit a significant number of former Kosovo police officers expelled by the Federal Government in 1989 and 1990. These officers will receive specially designed and focused training in democratic policing standards and human rights which will allow them to be deployed on an accelerated basis. In this way, it is hoped that the number of Kosovo Police Service officers working under UNMIK command can be substantially increased in the relatively near future.

67. The success of UNMIK police, as part of the overall justice system, will, however, remain dependent on the establishment of an effective, impartial and independent judiciary. The continuing absence of functioning courts in Kosovo seriously hampers the effectiveness of UNMIK police, and diminishes public confidence in them. It is hoped that the recent appointment of 400 judges and the decision on the applicable law will improve the effectiveness of the functioning judicial system.

V. INSTITUTION-BUILDING

68. The Organization for Security and Cooperation in Europe (OSCE) is the lead organization in the institution-building tasks of UNMIK. The Institution-Building component has a total of 14 field offices throughout Kosovo and five regional centres.

A. Democratization

69. A Political Party Service Centre designed to promote the development of mature, democratic political parties in Kosovo was opened in Pristina on 6 October. The Centre currently provides offices for 13 political parties and one coalition. The parties have welcomed this initiative and most of them have taken possession of their offices and started their regular work. Preparations are under way for the opening of political party service centres in the regions. Besides working with political parties, the Democratization Department has cultivated contacts with a wide range of representatives of NGOs and other members of civil society in Kosovo. A development programme for local NGOs is in place which includes material and logistical support as well as capacity-building and the improvement of fund-raising abilities.

B. Human rights

70. Human rights violations against minorities, in particular Kosovo Serbs, have continued, including killings, abductions, threats, beatings, discrimination in access to basic public services and grenade attacks against property. Reports of abduction of ethnic Serbs seem to have declined, although

this may be linked to the general trend of diminishing Serb populations in areas with a Kosovo Albanian majority. Most of the missing-person cases reported since the end of the conflict have not been solved. Since my last report, five Serbs from the Serb quarter in Orahovac were reported missing on their way to the Montenegrin border after they stopped in Djakovica; another 49-year-old Serb man was reported missing by his wife; a Serb was reportedly kidnapped at the Mitrovica battery factory; and in Gracanica, the body of a Serb male who had been missing since 28 October was found on 4 November.

71. Particularly disturbing is the persistent targeting of the elderly. On 31 October, in Prizren, a 79-year-old Serb man was badly beaten in front of his house near the United Nations building. UNMIK police arrested two suspects in connection with this attack. A similar incident took place on 2 November when a 60-year-old Serb woman was beaten by young Kosovo Albanians. In September, a 95-year-old man was found killed in his house, bound and gagged. Two Serb women in their eighties were brutally beaten in the Zupa region in October. In the Gnjilane area, a 72-year-old Serb man reported that he had been threatened with a knife and severely beaten by a group of six Albanians near the village of Donja Bitinja. Again in the Zupa region, seven elderly Serbs, the last residents of their village, had to abandon their homes and flee to the security of the Orthodox seminary in Prizren.

72. Roma and Muslim Slavs also suffer abuses. Both communities face accusations by Kosovo Albanians of having collaborated with the Serb authorities during the conflict. Three bodies, believed to be Roma, were found in a trash dump in a village near Podujevo on 25 October, apparently killed "execution style". In Djakovica, a hand grenade was thrown inside a Roma house, killing one female and seriously injuring another. In Prizren, two unidentified bodies, allegedly Roma, were found. Two Roma women were raped in Prizren, allegedly by an Albanian male. Three Roma houses were burned down in Urosevac. Elsewhere, four grenades were thrown into the compounds of Slavic Muslims in Dragash in a single eight-day period in October. In Pec, a Muslim Slav male was killed and another wounded by unknown perpetrators. In a separate incident, a Muslim Slav boy was killed after Kosovo Albanians accused his family of burning their houses during the war. A Muslim Slav and a Kosovo Albanian were reportedly detained and beaten at a self-proclaimed "KLA police station" in Pec.

73. Kosovo Albanians have also been the target of violence and intimidation. A local leader of the Democratic League of Kosovo (LDK) in Srbica was killed "execution style" after he was abducted on 2 November by unknown perpetrators. Other recent incidents of intimidation and harassment against moderates or followers of LDK may indicate growing inter-Albanian political tension.

74. The beating to death of a woman by her husband on 28 October also highlighted the problem of domestic violence in Kosovo. This issue, as well as the trafficking of women for prostitution, have been identified by grass-roots organizations as one of the main problems affecting women in Kosovo.

75. Arson and grenade attacks against the property of minorities and their cultural symbols also continued to be reported. In Gnjilane, a grenade was launched towards an Orthodox church on 4 November. The explosion injured a Serb

man and damaged a nearby house. On 8 November, an Orthodox church in Gornja Zakut, in the region of Pristina, was destroyed in an arson attack.

76. At least five people were killed and dozens injured during the weekend of 27 to 28 November, which marked celebrations of "Albanian Flag Day". In some areas, the situation deteriorated significantly, resulting in violent attacks against Kosovo Serbs. In Prizren, four Serb homes were burned during the weekend. In Pristina, three elderly Kosovo Serbs were assaulted by a large crowd. The man was shot dead and the two women were severely beaten. In yet another serious incident on 17 December, unidentified persons opened automatic weapon fire on the patrons of a Serb café in the Serb quarter of Orahovac and threw hand grenades into the café before fleeing the scene. Eight Serbs were wounded in the attack, one of whom subsequently died from his injuries.

77. The issue of Kosovo Albanians detained in Serbian prisons remains a major concern. An ICRC civilian prison census confirmed that 1,970 Kosovo Albanians were officially held. Unconfirmed reports indicate that some people may be detained at military installations. The Kosovo Transitional Council Commission on Prisoners and Detainees, composed of Kosovo Albanian and Kosovo Serb human rights lawyers and advocates, met four times since the beginning of October. The Commission, which is chaired by the Office of the United Nations High Commissioner on Human Rights, is working towards the resolution of all cases concerning those deprived of their liberty, including Kosovo Albanian detainees, who were transferred to prisons in Serbia, and on behalf of those who have reportedly been kidnapped or abducted, or have been registered as missing in Kosovo since February 1998, including Kosovo Serbs. Some 300 Kosovar Albanian prisoners have been released by the Belgrade authorities since the summer. However, there is growing concern at reports that some prisoners are being released after paying prison officials or other intermediaries in Serbia.

78. On 6 December, the Institution-Building component (OSCE) released two reports documenting human rights violations in Kosovo before and after the arrival of KFOR and UNMIK. The documents generated great interest and showed that the human rights situation in the province needs careful monitoring. On 10 and 11 December, the Institution-Building component organized and held the first International Human Rights Conference in Pristina. The Conference, which was well received, coincided with International Human Rights Day and provided members of all ethnic communities in Kosovo with the opportunity to discuss their situation and problems with leading international experts.

C. Rule of law

79. The Rule of Law Division includes a Legal Community Support Section which aims to identify the needs of the legal community. The section has already identified relevant actors within the community, on both local and international levels. Although several local initiatives to organize Kosovo lawyers have been taken, there does not yet exist an operational consolidated Kosovo Bar Association.

80. The Council of Europe has completed its review of certain criminal laws and codes applicable in Kosovo. It has recommended that certain provisions be

suspended and that others be amended, so as to be compatible with internationally recognized human rights standards. At the invitation of the Council, members of the Joint Advisory Council on Legislative Matters and a representative of UNMIK met with international experts in Strasbourg on 28 and 29 October to discuss cooperation in the area of legal reform in Kosovo. After the meeting, the Committee of Ministers of the Council of Europe decided that the Council should make its experts available to provide training in the field of law in support of and in coordination with UNMIK.

81. Training symposia were held in Pristina for the newly appointed local judges, prosecutors and defence counsel. The symposia, which included Kosovo Serb participants, provided an opportunity to discuss a wide variety of issues with international experts. These judicial training efforts were made possible through collaboration with the Council of Europe, the American Bar Association and staff of other UNMIK components. The symposia are the first stage of a plan to establish a permanent Judicial Training Institute, with an international director.

82. Representatives of the International Tribunal for the Former Yugoslavia attended the training symposia, during which issues such as local prosecution of war crimes were also addressed. As a result of the interest expressed by Kosovo judges and prosecutors, the judicial training section is now preparing a seminar concentrating on war crimes for the Kosovo judiciary. The Legal System Monitoring Section is following the judicial proceedings against individuals accused of war crimes and currently in pre-trial detention. A strategy for building institutional judicial capacity that can handle certain war crimes prosecutions in the local courts is being developed.

83. The Ombudsman Support Section, together with the Commission for Democracy through Law (the Venice Commission), the Council of Europe and others, continued to work to establish the Ombudsman Institute in Kosovo. The expert group agreed that the Ombudsman Institute would be set up primarily to protect the rights and freedoms of all legal entities in Kosovo, by monitoring the activity of the Interim Civil Administration and emerging local institutions prior to and following provisional elections. Consideration is also being given to the feasibility of monitoring non-State actors claiming or exercising authority in Kosovo. The expert group agreed that, during an interim period, the Ombudsman should be an international expert assisted by at least two local deputies.

84. A growing atmosphere of fear imperils efforts to create the rule of law in Kosovo. Witnesses to human rights violations frequently refuse to provide information to the police, or if they do, later retract their testimony or do not appear for court hearings. Judges and prosecutors have received threats demanding that they not pursue investigations against certain suspects or that they release them, despite compelling incriminating evidence gathered by KFOR or UNMIK police. Impunity is emerging as a problem which undermines the substantial efforts to build an independent legal system and a police force that respects human rights.

D. Police education and development

85. The inaugural class of the future Kosovo Police Service graduated from the Kosovo Police Service School on 16 October. Of the 173 graduating officers, 156 were Albanians and 17 were non-Albanians (8 Kosovo Serbs, 3 Muslim Slavs, 3 Roma and 3 Turks). There were 39 female graduates. Seventy-nine per cent of the graduates had either a military or a police background. Upon graduation, the officers began their field training with UNMIK police field training officers. The second police course started on 29 November. The class includes a total of 178 students: 135 Kosovo Albanians, 29 Kosovo Serbs, 7 Kosovo Turks and 6 Muslim Slavs and 1 Roma. Thirty-two members of the class are female.

E. Elections

86. In accordance with paragraph 11 (ç) of resolution 1244 (1999), UNMIK has been actively studying the feasibility of holding municipal elections in Kosovo in 2000. Mayors and other local officials would be elected for limited terms and to limited responsibilities within the province. In order to hold elections as early as possible, the Institution-Building and Civil Administration components have agreed to form a Registration Task Force with the objective of jointly planning, resourcing and executing a joint civil and voters registration, including registration of Kosovo residents outside the province. The registration process, which is scheduled to begin early next year, is expected to be completed in June 2000. The UNMIK Department of Elections, with the help of experts from other OSCE missions and the United Nations, has also been addressing the procedural aspects of municipal elections. Issues under consideration include the evidential and residential criteria for enfranchisement and the locality where voters can cast a ballot (previous or current place of residence). An assessment of documentation available in the 29 municipalities of Kosovo has shown that the majority of Kosovo residents may be able to produce either personal documents or evidence (such as cadastral records) of their habitual residence in Kosovo. Work has commenced on drafting election regulations and organizing the required institutional framework. A decision on the timing of the elections is still under consideration. A decision on the timing of the elections will be determined by a variety of factors, including the speed with which the civil and voters registrations can be completed.

F. Media affairs

87. On 19 September, Radio-Television Kosovo transmitted its first television programme. This public, independent broadcasting service enjoys broad local support and international endorsement. The European Broadcasting Union has been subcontracted to produce this satellite emergency programme for public television. The Government of Norway, through the OSCE Chairman-in-Office, provided initial funding for the project. The transformation of public broadcasting was further advanced with the closing of Radio Pristina on 31 October and the opening of Radio Kosovo on 1 November. As Radio-Television Kosovo is entirely dependent on voluntary contributions, budgetary constraints dictated a reduction of staff and a change in the programme schedule. At the

same time, general agreement was reached that UNMIK's "Blue Sky Radio" should become part of Radio-Television Kosovo. Blue Sky staff are now training Radio Kosovo staff.

88. A Temporary Media Commissioner for Kosovo, who is an international UNMIK/OSCE staff member, has been appointed by my Special Representative. He is charged with formulating a plan for a licensing and regulatory authority in order to bring direction to the still disorganized media environment in Kosovo. Currently, existing radio and television stations, as well as those planning to commence operations, are required to apply for temporary broadcasting licences.

89. With the addition of two prominent local journalists, the Kosovo Media Policy Advisory Board expanded its membership to seven. The Board's only Kosovo Serb member, however, left Kosovo for Montenegro. Efforts are under way to identify a new Kosovo Serb member, along with new members drawn from Kosovo's Turkish and Bosniac communities.

90. The issue of codes of practice for the print and broadcast media continue to be contentious. Although the Media Policy Advisory Board favours such codes, many journalists and press freedom groups do not. UNMIK and KFOR representatives have formed a Joint Consultative Committee and also met informally to discuss, among other things, the advisability of such codes and the enforcement mechanisms for potential infractions.

VI. ECONOMIC RECONSTRUCTION

91. The European Union is the lead organization for the rehabilitation and economic reconstruction tasks of UNMIK.

A. Kosovo budget

92. As part of the development of a transparent and efficient fiscal process, UNMIK regulation No. 1999/16, which establishes a Central Fiscal Authority (CFA), was signed and went into force on 6 November. The Authority will be responsible for overall financial management of the Kosovo Consolidated Budget, including its preparation and the monitoring of its execution.

93. The budget for the interim administration of UNMIK for 1999, the Kosovo Consolidated Budget is set out in regulation No. 17 of 6 November. Expenditures total some DM 125 million. Some DM 38 million will be raised from tax revenue, with DM 87 million to be sought from donor grants. Of this latter figure, some DM 34 million has already been received through the United Nations Trust Fund of which DM 27.4 million has been spent on paying stipends to the local public service employees. Full support for the Kosovo budget would permit continuous stipend payments, payment of operating costs and assistance payments to the needy.

94. Projections for the 2000 budget are nearing completion. As both wage and employment levels were higher than earlier targets, the anticipated deficit is somewhat higher than the earlier estimate. UNMIK will continue to work on

decreasing the total budget requirements, through such measures as reducing wage levels, rationalizing employee numbers and introducing user charges.

95. A donor conference, held in Brussels on 17 November, to discuss Kosovo's medium-term reconstruction programme, resulted in pledges of over US$ 1 billion until the end of 2000. Of this amount, $88 million was pledged for budgetary support for 1999 and 2000, $47 million for peace implementation activities and $18 million for humanitarian activities.

96. UNMIK local customs officers, under the guidance of international customs experts, collect customs and excise and sales tax at two international border posts. Revenue estimates show consistent trends. Collections for the three taxes have shown a slight decline from earlier figures and amount to approximately DM 1.9 million per week, for a total of DM 28.2 million by 17 December.

97. UNMIK completed the recruitment of an additional 25 local customs officers. In addition, the customs post at the Pristina airport and at Globocica at the border with the former Yugoslav Republic of Macedonia will soon become operational. UNMIK has now addressed the question of establishing additional designated tax posts for the collection of excise and sales taxes to be levied on the consumption and sale of goods. For the 2000 budget, there will be specific revenue targets established for a range of utilities such as electricity, public heating, water supply, post, telecommunications and other municipal-level charges such as building and work permits.

98. UNMIK is now regularly using customs and tax revenues as well as donor funding for expenses incurred by the interim administration. Expenditures have increased rapidly during the past month. The process developed for the comprehensive expenditure control procedure is in operation and the administration is processing expenditures from the 1999 budget in accelerating quantities.

B. Financial system

99. The Supervisory Board for Payment Operations has been established, pursuant to UNMIK regulation No. 1999/11 of 13 October. The Board will begin a phased reorganization of the former Payments Bureau, which includes integrating the bureau into the Banking and Payment Authority (regulation No. 1999/20 of 15 November). The reorganization will boost the efficiency of deutsche mark transactions and, over time, shift most payments services to the banking system. The six members of the Governing Board of the Banking and Payment Authority of Kosovo were appointed on 1 December 1999. The first applications for banking licences and for non-bank, microfinance institutions have already been received. The first bank is expected to begin full operations in January 2000.

C. Power and water sector

100. The restoration of basic public services such as electricity, water and waste disposal remains a fundamental task of UNMIK. Urgent action is being

undertaken to ensure minimal disruption of power during the harsh winter months. One of the two units at the Kosovo-B power station was restarted as planned on 23 November and is generating about 240 MW of electricity. The Kosovo-A power station is generating 290 MW, bringing the total to 530 MW. This compares with the target of 650 MW. Repairs and maintenance continue on the second unit at Kosovo-B, which will come on-stream in mid-December, increasing supply by roughly a further 240 MW. The district heating system in Pristina has also been repaired and is currently working at 50 per cent capacity. Additionally, plans are under way to repair the smaller district heating systems in Mitrovica and Djakovica. Despite the partial restoration of electrical power to Pristina, many municipalities could still face a severe shortage of electricity, which threatens to deprive large parts of Kosovo of electrical heating during the winter months. Urgent work is therefore under way to repair distribution lines so as to link up to as many communities as possible.

101. Assessment of the damage to the water systems has revealed that, in some municipalities, the provision of water has deteriorated to alarming levels and potable water has become scarce. Measures are being taken to prevent the interruption of the water supply by providing back-up generators to priority areas.

102. The Kosovo Power Company is being managed by Kosovars with oversight and advice from an international management team. The company has set tariffs for electricity consumption in consultation with the international management team and UNMIK and bills will be distributed in the second week of December. Agreement has also been reached between the Pristina Regional Water Board and UNMIK on the tariffs to be charged for users.

103. A meeting of regional power companies on energy exchanges was held in Athens from 11 to 13 October. Representatives of companies from Albania, Bosnia and Herzegovina, Bulgaria, Greece, the former Yugoslav Republic of Macedonia, Serbia and Montenegro and Romania participated, together with a member of the British Trade International management team from the Kosovo Power Company. A further meeting was held in November in Skopje.

D. Enterprise sector

104. UNMIK has defined a comprehensive strategy for private-sector development. This strategy has three goals. First, it will promote the growth and development of the privately owned enterprises already within the official economy and encourage new start-ups. Secondly, it will embrace the parallel economy and bring it within the official economy through a combination of inducements and requirements. Thirdly, it will transfer the potentially viable public enterprises to private ownership. To give effect to this strategy, UNMIK will create a regulatory framework and build the institutions that allow a market economy to flourish.

105. UNMIK has begun to implement this strategy in a number of areas while addressing the important issue of ownership and legal status of enterprises. It has also developed a business registration system to create a tax revenue base. Furthermore, it is defining a legal and regulatory framework suitable for a

market economy. In the public enterprise sector, it is devising liquidation procedures for non-viable enterprises and privatization strategies for viable enterprises.

106. The scheme for revitalizing some enterprises in the construction sector envisages a series of about 10 contracts for managerial/technical assistance and a small injection of working capital for restarting the activity. Firms have been identified which have manifested their agreement to prepare letters of expression of interest for investment in some strategic medium-sized enterprises. Investors will be requested to elaborate and implement a comprehensive business plan for the revitalization of those enterprises and to put in the necessary investment in return for a concession/licence for the exploitation of the assets of the companies.

107. The Trepca complex is an important component of the Kosovo economy which has major social and political implications. An industrial strategy has been identified for the revitalization of the Trepca mines which would subdivide its main component parts into separate entities. A number of issues are currently being addressed, covering the legal status of the company, possible ways to handle different parts of the combine and the issue of liabilities.

108. The successful implementation of this strategy requires the wide-ranging involvement of all levels of Kosovo society. Consultations have started with economic policy experts and business representatives to develop a consensus on needed reforms. Once the policies are set, UNMIK will develop a comprehensive public education programme to ensure public and political support for its policies. The effort will be aimed at the general public in order to help bring its expectation levels in line with the current realities and to convey and explain the salient points of the new structure of the economy.

VII. OBSERVATIONS

109. The four components of UNMIK have made good progress in implementing their mandate since the adoption of resolution 1244 (1999) six months ago on 10 June 1999. The demilitarization and ongoing transformation of the former KLA marked an important step forward. The gradual consolidation of both the Kosovo Albanian and the Kosovo Serb political actors may initially complicate the reconciliation process, but in the longer term may also augur well for a more stable and democratic Kosovo. Critical challenges nonetheless remain.

110. During my visit to Kosovo on 13 and 14 October, one of the most frequently raised concerns was the precarious security situation for Kosovo Serbs, Roma and other minority groups in the province. Despite the concerted efforts of KFOR and UNMIK police, the level and nature of the violence in Kosovo, especially against vulnerable minorities, remains unacceptable. I underlined this message in my meetings with political leaders of all ethnic groups. In my meeting with the Kosovo Transition Council, which both Serb representatives (Bishop Artemije and Mr. Trajković) attended, I emphasized the need for all leaders to advocate and help to create a tolerant society in which all people can live without fear. I again urge all political leaders in Kosovo and the local population to stop the violence, intimidation and harassment.

111. The international community must also do better. KFOR and UNMIK police have redoubled their efforts, but more resources are needed. I would like to emphasize the need to ensure the rapid deployment of international police officers and to give support to the Kosovo Police Service. Furthermore, the authority of UNMIK must be cemented and the judiciary and penal system must be strengthened. Crimes must be prosecuted in order to establish the rule of law in Kosovo. The involvement in criminal and unofficial law-enforcement activities of former members of the KLA and members of the Kosovo Protection Corps and the Kosovo Police Service risks undermining the future authority of those bodies and will not be tolerated. A strong response is needed in order to address the problem of unofficial law-enforcement actors that have been reported to operate in the area. These structures must be dismantled and authority must rest only within legitimate bodies within the Joint Administrative Structure. All these efforts are, however, critically dependent on the support of the Kosovo political leadership, which must commit itself fully and irreversibly to peace, reconciliation, tolerance and respect for the rule of law.

112. The onset of winter in Kosovo represents another key challenge. While the humanitarian community has made all possible efforts to ensure that the population of Kosovo is prepared for the cold months, the international community must remain focused on the need for temporary winterized accommodation and the related issue of the rehabilitation of public utilities. The current problems at the border with the former Yugoslav Republic of Macedonia must be urgently resolved if winterization efforts are not to be compromised.

113. Work has already begun to coordinate humanitarian activities with rehabilitation and reconstruction efforts. An immediate priority is to develop detailed planning for the reconstruction of private housing after the winter. Another priority is to develop an effective social system which can address the needs of vulnerable persons following the end of the emergency phase of humanitarian assistance. The involvement of United Nations programmes and agencies in this process will be necessary.

114. The success of UNMIK depends in large part upon full and consistent support by Member States. This support is needed not only for project-oriented programmes, but also for the recurrent costs of the local administration. Resources will have to be made available by Member States on a voluntary basis in order to defray essential public expenditures, including the payroll of Kosovo's civil servants. I urge Member States to demonstrate their support by ensuring that the Kosovo Consolidated Budget succeeds. The recent pledges made at the Brussels donor conference on 17 November are encouraging but must be followed up with the urgent provision of the promised funds. Without donor assistance, the budget will not be sustainable. As a consequence, public utilities will suffer and public-sector wages will not be paid. Social unrest might follow. The people of Kosovo need support at this critical juncture.

115. As noted in my last report (S/1999/987), there is a clear need to share responsibility with the local population for the decision-making process of the interim administration. I welcome, therefore, the recent agreement on the establishment of a Joint Administrative Structure in Kosovo. This structure, which was the result of long negotiations, is an important step towards engaging the population in the interim administration of the province. It is my hope

that all peoples of Kosovo, including the Kosovo Serbs, will join in this endeavour under the leadership of my Special Representative.

116. In conclusion, I would like to commend all international and local staff of UNMIK for their efforts in support of United Nations activities in Kosovo. In conclusion, I would like to pay tribute to Vladimir Krumov as well as to the victims of the World Food Programme plane crash on 12 November, who all lost their lives trying to bring peace and stability to Kosovo.

Annex

Composition of the police component of the United Nations Interim Administration Mission in Kosovo

(as at 13 December 1999)

Present number of participating countries: 41

	Main headquarters	Pristina	Prizren	Gnjilane	Pec	Mitrovica	Kosovo Police Service	Border police	Induction training		Total
									Staff	New Arr.	
Argentina	7	4		2	1	12	2	9	1		38
Austria	6	21	10	4				3	1		45
Bangladesh	2	9	3			2	2		1		19
Belgium										5	5
Bulgaria	7	16		6	2	12	1	5			49
Canada	18	20		1		17	1	6	6		69
Czech Republic		3						3			6
Denmark	4			3		10			3		20
Egypt		20	20	10		10		1			61
Estonia	1	3							1		5
Fiji	2	25			2			4			33
Finland	1	1									2
France	2		10			66					78
Germany	16	20	107	2			6	41	1		192
Ghana	1	27				5	1		1		35
Hungary	3	3	4								10
Iceland						2					2
Italy	3	11	10		14			8			46
Jordan	1	21		4	9	10	1	2	1		49

	Main head-quarters	Pristina	Prizren	Gnjilane	Pec	Mitrovica	Kosovo Police Service	Border police	Induction training		Total
									Staff	New Arr.	
Kenya		19							1		20
Kyrgyzstan		2									2
Lithuania		3			4		2				9
Malaysia	6		39				3				48
Netherlands	1										1
Nigeria		1	6	5							12
Pakistan	5	36	1	2	3	9	4	6			66
Philippines			13					10			23
Poland	1			8							9
Portugal	3	3			4	1			1	13	25
Romania	4	14				4	3		1		26
Russian Federation	17	47				5	4	12	3		88
Senegal		8	4			4					16
Spain	7	22			3		2	2	1		37
Sweden	13	15	4		3			4	5		44
Tunisia						5					5
Turkey	8	20	6	10			1	4			49
Ukraine	5	2	3	5	4	6		5			30
United Kingdom	1	57								2	60
United States	33	147	57	85	29	36	21	34	3		446
Zambia		14									14
Zimbabwe		8	8	8							24
Subtotal	178	622	305	155	78	216	53	159	31	20	1 817
Total											1 817

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Map No. 4133 UNITED NATIONS
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